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3 April 1951

MEMORANDUM FOR: DIRECTOR

SUBJECT: Periodic Guides for Current Reporting - Inauguration of Series by Department of State

ENCLOSURE: (A) Copy of Department of State (draft) Reporting Instructions for Foreign Service, dated 12 March 1951
(B) Copy of Department of State "Periodic Guide for Current Economic Reporting" for April 1951

1. The Department of State (Office of OLI) is inaugurating a series of "Guides on Current Reporting," primarily intended for use by the Foreign Service, but also contemplating usefulness to the C/O and O/SO collection services. It is presently planned that these Guides will extend to include coverage of the Economic, Political, and Sociological fields in all areas, and that they will be issued on an approximate monthly basis.

2. Enclosure (A) comprises the set of instructions under which the Guides will be issued to the Foreign Service. Enclosure (B) is the initial issue of a Current Economic Reporting Guide for the Far East which has been coordinated with O/RR. Copies of a preliminary draft of Enclosure (B), previously received in this Agency, were, by the AD/C, issued to his representatives in the field for comment as to usefulness. Additionally, a copy of Enclosure (B) has been issued to the AD/SO, requesting comment as to the general usefulness of this type of Guide to the O/SO collection service.

3. A combined Political, Economic, and Sociological Guide for the NEA area will be issued shortly, and Guides for other areas are in the course of preparation in the State Department.

4. The desirability of instituting a series of Scientific Current Reporting Guides has been discussed with a representative of O/SI, with favorable reaction.



JAMES Q. REBER
Acting Assistant Director,
Intelligence Coordination

cc: AD/O
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PERIODIC GUIDES ON CURRENT REPORTING

To

Certain American Diplomatic and Consular Officers

The Acting Secretary of State refers the enclosed Periodic Guides on Current Economic Reporting to the attention of the Officer-in-Charge.

Under present disturbed world conditions, primary emphasis in field economic reporting must clearly be placed on reporting current developments in those matters bearing on national security, the United States defense program or policy interests of the Department. Current ("spot" or "voluntary") reporting provides information concerning events in process or newly completed which is useful, and at times of extreme importance, in assessing the shifting aspects of over-all intentions, capabilities, vulnerabilities, etc., of both friends and potential enemies. The enclosed guides are intended to indicate specific current interests and concerns in foreign economic affairs of certain United States Government agencies, so that the reporting efforts of the Foreign Service will be of maximum benefit.

A Brief background will help to put the Guides in proper focus. There has been a feeling in the Department for some time that field officers expected more guidance than they received and that for more satisfactory completion of their reporting mission officers must be given more information on what the interests of Washington are and what is expected of them. These feelings were confirmed

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by a recently published Budget Bureau study on foreign economic

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reporting. It was decided therefore to institute these Reporting Guides, a scheme which is not new and which in the past on occasion has proved very successful.

These guides are not to be construed as instructions. The Department does not wish to restrict the latitude or flexibility of the field in covering current developments. The guides are only intended to throw additional light on this amorphous reporting responsibility. The present emphasis on current reporting (with an accompanying de-emphasis of routine reporting, see for example Departmental telegram No. 440 of January 30, 1951) makes it highly desirable that missions be kept apprised of current interests of the Department and certain other United States agencies. These guides are not, however, to be considered as being all-representative or all-inclusive of Washington interests. They will include some specific interests and some general interests. They may in some cases point up subjects which might otherwise be overlooked by field officers: in other cases they may simply stress the importance of or elaborate upon a need which is quite obvious. It is thought that Guides will be issued monthly although they may be issued more or less often, as circumstances warrant.

The initial transmission of Economic Reporting Guides is being made to posts in the Far East. All posts concerned are being sent the current guide for their particular area plus the guides being sent to other posts in the Far East: in the future, posts will receive only the guide for their immediate area of responsibility.

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Reaction

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Reaction from the posts concerned is invited. The Department's prime interest is to develop a simple yet effective tool which will enable the field to do the best possible job in the interests of national security and policy responsibilities of the Department.

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March 28, 1951

PERIODIC GUIDE FOR CURRENT ECONOMIC REPORTING

April, 1951

Indonesia

Indonesia's currently favorable balance of trade and strong international reserve position is a result in large part of the responsiveness of native rubber producers to, and the high level of, rubber prices, and in part a result of the curtailment of import volume relative to the 1949 level.¹ Moreover, it appears that foreign exchange receipts from exports will in 1951 increase to a new record level, possibly as high as U.S. \$800 or 900 million, assuming (a) the continuance of high rubber and tin prices and (b) adequate imports.

1. Are there any indications that the Indonesian Government, despite its protestations to the contrary, may find it necessary to consider, among other measures, revaluation of the effective exchange rate for imports in order to induce increased imports?
2. What would be the effectiveness of revaluation of the import rate (possibly to equalize it with the present export rate) as a means of both increasing imports and lowering the present local price level for imported goods?
3. What has been the effect of increased incomes in the native rubber districts in terms of
 - (a) distribution of income from rubber sales as between producers and middlemen,
 - (b) local price levels,
 - (c) local demand for and consumption of consumer goods,
 - (d) geographic

1. Estimate of 1950 import volume based on data for period January-September.

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(d) geographic distribution of consumer goods as between native rubber districts and other areas?

4. To what extent is the gap between imports and demand in the native rubber districts filled by outward smuggling of rubber to finance inward smuggling of consumer goods from Malaya?

Thailand

More frequent reporting is desired on foreign exchange accruing to Thailand from rice exports as reported by Rice Shipping Coordination Committee, also final 1950 figures when available.

Reporting of monthly rice shipments in the JOINT WEEKLY should be continued.

Any information or estimates on remittances to China for 1950 or for current periods is desired.

Why does Bank of Thailand continue to show rupee loan, which reportedly has been paid, as an outstanding external indebtedness in publication Current Statistics?

What financial aid or other assistance is being given by the Thai Government to relieve depressed economic conditions in the Northeast?

Have there been any new developments in extension of the cooperative movement? What other steps are being taken to solve agrarian problem?

Preliminary figures for 1951 budget (especially capital expenditure budget) and comments would be useful.

Burma

1. Agrarian problems in Southeast Asia, including land reform, are currently being discussed by a special interdepartmental committee. Any

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material bearing on this subject including the level of agricultural taxes and rents, the adequacy of farm credits and the progress in implementing the existing land reform program in Burma is desired.

2. Any developments in the nationalization policy of the government are of interest. Of particular interest are the questions of how the policy appears to be affecting (a) production, (b) the position of the foreign investors, and (c) the outlook for additional foreign capital investment.

3. Comments are desired on the prospects for tin and tungsten production at the Mawchi mines and the mines in Tenasserim. What is the extent of current insurrectionist activity in these areas. What are the current prospects for transport of the mineral stockpile at Bowdin? What is production outlook?

4. Are there any indications that Burma is exporting minerals to Communist areas?

Philippines

1. The Philippine Government is evidently determined to claim \$ billion in reparations from Japan at forthcoming negotiations on a peace treaty for Japan. Available information is requested concerning the validity of a claim of this amount and specifically concerning the methods that were used by the Philippine Government to arrive at this total. How does the Philippine Government justify the present large claim for property damage in view of the lower estimates of property damage that were made in 1945 and 1946 and the payments for property damage under the Philippine Rehabilitation Act? Moreover, recent data are needed about the utilization in the Philippines of reparations material that was furnished by

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Japan under the interim reparations program in 1949.

2. Data are requested about the powers of the new Land Development and Settlement Corporation (LADESCO) and its activities since its inception in December. Specific information is needed about the amount of land under LADESCO's administration, its methods and plans for resettlement projects, any efforts to increase crop yields in LADESCO settlements, participation by LADESCO in the recent Government policy of resettling surrendered members of the Hukbalahap on Mindanao, and its efforts to sponsor land reform legislation.

3. Reporting should be continued on any matters affecting the budget for F.Y. 1951 and F.Y. 1952. Information is particularly desired on tax legislation, peso expenditures for MDAP (if any) and ECA counterpart fund, and on recent Government budgetary practices.

Taipei

1. An increased coverage of developments in foreign trade is desired, including the nature and effect of foreign trade controls and the effect of foreign trade on the domestic economy.

2. It would be useful to have a report of the government's current wage and ration policies in its approach to the problem of maintaining urban stability.

Hong Kong

1. A more complete coverage of Communist China's trade with Hong Kong would be desirable. In addition to the present reporting covering the official Hong Kong trade summaries and the trade in strategic commodities, it would be useful to receive current information on the trade and

price

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price movements of the major export and import commodities, including the ultimate markets and sources of supply. Continuous reporting on the trading methods and organization of the Chinese Communist foreign trade firms is also desired.

2. Additional evaluated information regarding the extent to which the Chinese Communists are increasing police controls, e.g., land reform, militia organization, purges of unreliable personages, etc., including any evidence of the degree of success such measures have achieved in maintaining civil order and in mobilizing resources, is desired.

3. Increased coverage of the developments in state control over marketing and wages in Communist China would be useful. This reporting might cover such points as the growth, structure, policy, and financing of cooperatives and state trading, wage policies in government and private industry, and evidence of rationing or controlled distribution of commodities to certain groups.

Indochina

Information other than that contained in broadcasts of the Viet Minh radio is desired on economic conditions in Viet Minh territory. In particular it would be useful to know: (1) progress made in implementing the Viet Minh's purported program of agrarian reform; (2) standards of living in terms of adequate food supply, clothing, shelter, etc.; (3) ability to maintain transport facilities; (4) ability to combat epidemics, and endemic disease problems; (5) financial structure, including budgetary data and the exchange rates of the Ho piastre.

Continued reporting is desired on efforts made to lift the Trans-Bassac blockade and reasons for not lifting it.